

JUN 1 1978 - 2 55 PM

LEASE AGREEMENT

INTESTATE COMMERCE COMMISSION

THIS LEASE AGREEMENT is made this 26th day of December, 1977, between ATLANTIC & WESTERN FINANCIAL CORPORATION (hereafter AWF), a Delaware corporation, as Lessor, and ATLANTIC & WESTERN CORPORATION (hereafter ATW), a North Carolina corporation, as Lessee.

1. Scope of Agreement

A. AWF agrees to lease to ATW, and ATW agrees to lease from AWF 25 XM boxcars (50' 6", 70 tons), series 16,000-16,024, hereinafter referred to collectively as the Cars.

B. It is the intent of the parties to this Agreement that AWF shall be and remain at all times the Lessor of all Cars unless this status changes in accordance with the provisions of this Agreement. ATW agrees that it will at no time take any action or file any document which is in conflict with this intent.

2. Term

A. This Agreement shall be for an initial period of four (4) years commencing upon the date when all Cars on Exhibit A or amendment thereto have been delivered as set out in Section 3, and shall be automatically extended without any further action required by AWF or ATW on a month to month basis for a period of no more than eleven (11) additional years unless this Agreement has been terminated pursuant to Section 2B, 2C, or 2D.

B. ATW shall have the right to cancel this Agreement during the extended period only upon ninety (90) days written notice to AWF.

C. AWF shall have the right to cancel this Agreement upon ninety (90) days written notice to ATW in the event car utilization does not meet the expectations of AWF. In the event of such cancellation AWF shall have the right to possession of all Cars heretofore leased to ATW under the terms of this Agreement, and shall have the option to enter the premises owned, or under the control of, ATW where said Cars are located for the purposes of taking possession of said Cars.

3. Delivery

The Cars shall be considered as delivered to ATW when AWF accepts delivery at the manufacturer's plant. The Cars will then be moved to ATW's line at no cost to ATW as is consistent with mutual convenience and economy.

4. Agent

AWF shall act as ATW's agent in handling car registration, maintenance and record keeping functions involving the Cars including but not limited to AAR Billing and Car hire. Correspondence from railroads using or repairing such Cars shall be addressed to ATW at such address as AWF shall select.

5. Maintenance and Taxes

AWF shall be responsible for all costs, expenses, fees and charges incurred in connection with the use of the Cars except that in the event any Car is damaged or destroyed after delivery to ATW its repair or replacement shall be the responsibility of ATW pursuant, where applicable, to the Association of American Railroads Interchange Rules.

6. Lease Rental

The rental charges payable to AWF by ATW shall be paid from the payments received by ATW in the following order: (1) incentive car hire payments; (2) straight car hire payments; (3) mileage charges; and (4) other. Rental shall be the sum of the payments received less \$1.00 per car per day while the Cars are off line of ATW and in service subject to the Association of American Railroads Car Hire and Car Service Rules. In the event that the car hire rates in effect as of the date of this Agreement change, the amount of the payments being retained by ATW shall change by the same percentage unless such change is due only to maintenance cost increases.

In Witness hereof, AWF and ATW have duly executed this Agreement as of the day and year first written above.

ATLANTIC & WESTERN FINANCIAL
CORPORATION

By W. B. Spence
President

Attest:

O. Tracy Parker, Jr.
Secretary

ATLANTIC & WESTERN CORPORATION

By W. B. Spence
Vice-President

Attest:

William M. Staten
Secretary

NORTH CAROLINA

LEE COUNTY

I, Virginia Harrington, a Notary Public do hereby certify that O. Tracy Parks, III, personally came before me this day and acknowledged that he is the Secretary of Atlantic & Western Financial Corporation, a Delaware corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its corporate name by its President, sealed with the corporate seal, and attested by him as its Secretary.

Witness my hand and notarial seal this 26th day of December, 1977.

Virginia Harrington
Notary Public

My Commission Expires:

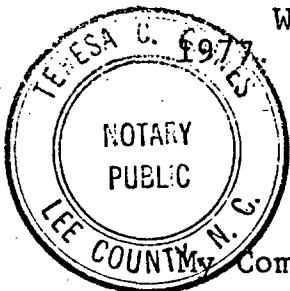
November 21, 1979

NORTH CAROLINA

LEE COUNTY

I, Teresa C. Haines, a Notary Public, do hereby certify that W. B. Joyce personally came before me this day and acknowledged that he is Vice-President of Atlantic & Western Corporation, a North Carolina corporation, and that the seal affixed to the foregoing instrument in writing is the corporate seal of said company and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said W. B. Joyce acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and notarial seal this 27th day of December,



Teresa C. Haines
Notary Public

My Commission Expires:

My Commission Expires March 30, 1982